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of the opinion that any Canadian soldier who had served outside of Canada should receive hospital care at the expense of the Federal Government if he required such treatment for either mental disease or tuberculosis. Dr. McGhie further said that unless the Department of Pensions and National Health was willing to accept this viewpoint and pay a per diem rate agreed upon for all such patients during the entire period of treatment on first admission, and pay such rate for all admissions in the case of pensions, Ontario would have no alternative but to recommend against accepting ex-soldiers for neuropsychiatric treatment.

Dr. McGhie's report concluded: "The Federal officials' conference accepted this viewpoint to the extent of agreeing to place it before the Minister and the Treasury Board with a view to making this

department a different type of offer from that previously submitted with respect to supplying the necessary beds and paying for the treatment of all ex-soldiers who served outside of Canada on a per diem basis, to be agreed upon if, and when, this Province decided to consider their offer which is to be resubmitted."

Declaring "we have done everything humanly possible to assist the Dominion Government in its war effort," Premier Hepburn cited that the Province, according to its pledge, has left the money market free to the Dominion for war financing.

In supplementary review of Dominion-Provincial relations, he declared Ontario objected to bringing in the Sirois Report and its proposal to recast the British North America Act in wartime. "We took objection," he said, "to the provision in the report itself which asked us to give up all our stable revenue like the corporation tax. I repeat that no tax is more justifiably the exclusive tax of the Provinces than the corporations tax."

He declared that with gasoline rationing, plus the loss to Japan of rubber stocks, he was unable to forecast gasoline revenue. Returning to the Sirois Report, he said Ontario objected most strenuously to the proposal of giving a fixed subsidy of \$8,000,000 to Quebec and of the Dominion assuming 40 per cent of the municipal debt load in Quebec, "particularly, as the Leader of the Opposition has pointed out, Ontario pays more than 50 per cent of the taxes collected by the Dominion." The municipal debt position in Ontario, at the same time, was in a "proud" position.

#### Financial House Scheme.

Moreover, he charged "the scheme was launched largely by financial houses which were loaded down with Western bonds. The Dominion, under the proposal was to take over and guarantee these bonds."

Turning to the more recent tax transfer proposal, the Premier said: "We are prepared to meet the Dominion on any reasonable terms. We were threatened with double taxation if we did not submit, but let there be no mistake about it, we will have not double taxation, but double the taxation when this agreement is completed."

He reiterated previous statements that, "We are not concerned with the Provincial personal income taxation. I have long said that we are prepared to let it go by the board."

Ottawa's order requiring export licenses on pulpwood, he claimed, had seriously affected Ontario's markets of this natural resource. Its failure to enact a system of selective draft for the operation of manpower has resulted in Ontario "getting out only about 60 per cent of the requirements of the United States mills for pulpwood. Elevator men and waiters, and a host of others could be made available for essential jobs, and I say that they would be willing to join in this work, but there is no national effort along that line.

"As production falls, our revenues fall, and I cannot forecast what we will have in the way of revenue from our Crown lands."

While Finance Minister Ilsley has given assurance that the Dominion Government will not interfere with the liquor control regulations in the Provinces, "I have from sources which I consider reliable, information that the Dominion at this moment is considering increasing the excise taxes on liquor, and at the same time bringing to bear the provisions of the Price Control Board on retail prices of liquor, and you can realize the effect that would have on our revenue from that source," he said.

"In all these fields, I am entirely at a loss to know where we come in," said Premier Hepburn.

Mr. Hepburn then introduced the statement upon the tax transfer proposals, declaring that, until the points to which Ontario objected are cleared up, it would be "impossible" for this Government to conclude the agreement.

#### Not Playing Fair.

After he had read the statement and tabled it, he added: "I don't believe that the Dominion Government is playing fair. They are asking us to do what the Dominion Government is not prepared to do, that is validate the agreements by act of Parliament."

Mr. Hepburn charged that the "word of the Dominion Government is not to be taken," and claimed that

in relief matters, "it was broken again and again."

"I am not prepared to make any recommendation to this House until it has all been cleared up. If it comes to the worst, we may have to abandon the Provincial Governments," he said, giving the warning that the further a Government gets from the source of taxation, the more prone it is to extravagance.

The most efficient and least wasteful of the Government units, he claimed, was the School Board. "But the Dominion Government can lose seventy or eighty millions and no one knows where it it gone.

#### Too Far From Source.

"I say it is a dangerous thing for the Dominion Government to get too far away from the source of taxation and for one Government to raise the taxation and hand it over to another for disposition."

The uncertainty of Ontario's fiscal position has placed the cheese and hog bonus programs in jeopardy, he claimed. He attacked the production policies of Federal Agriculture Minister Gardiner. Only recently, he said, the Minister in paid advertisements urged farmers to grow more coarse grains, and in that interest had launched a fertilizer program. He said Wilson Mills, Federal member for his own riding, had written Mr. Gardiner asking what could be done to raise production.

"Mr. Gardiner, notwithstanding the fact that he filled every paper with advertisements urging farmers to grow more feed, in reply said we could get all the feed that is asked for across Canada, and, therefore, there was no sound reason why you should go out and ask the people in local communities to produce more."